

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC

In the Matter of)	
)	
Game Show Network, LLC.)	
Complainant,)	MB Docket No. 12-122
)	File No. CRS-8529-P
)	
v.)	
)	
Cablevision Systems Corp.,)	
Defendant.)	

DIRECT TESTIMONY OF LAWRENCE BLASIUS

I, Lawrence Blasius, hereby swear and affirm as follows:

I. Assignment

1. I have been asked, on behalf of Cablevision Systems Corporation (“Cablevision”), to (1) provide a general description of how television advertising is placed on programming networks and discuss the factors evaluated by advertisers in selecting the programming networks on which to place their television advertisements; (2) analyze whether those factors indicate that Game Show Network (“GSN”) is similar to Cablevision’s affiliated programming network, WE tv, from the perspective of an advertiser seeking to place an ad; and (3) evaluate the reasonableness of the assertions made by GSN’s experts that GSN and WE tv are similar from an advertiser’s perspective. I understand that this inquiry is in connection with a program carriage complaint filed at the Commission by GSN on October 12, 2011, in which one of the relevant considerations is whether GSN and WE tv are “similarly situated” with respect to target advertisers.



II. Summary of Conclusions

2. Based on my examination and analysis of the relevant materials and my experience analyzing and working in the advertising industry, I have reached the following conclusions:

- An advertiser would not consider GSN and WE tv to be similar, because their demographic ratings, median viewer age, and audience skews/concentrations are all significantly different.
- With respect to **demographic ratings** -- which are the ratings that advertisers primarily take into account when selecting the networks on which to place their advertisements -- the age demographics for females that are of most importance to advertisers (18-49, 25-54, and/or subdivisions within those demographics) are higher on WE tv than GSN by a significant margin.
- With respect to **median age**, advertisers would not regard WE tv and GSN as similar because Nielsen shows that GSN's median age for female viewers is [REDACTED] years old, while WE tv's median age for female viewers is a significantly younger [REDACTED] years old.
- With respect to **audience skew/concentration**, advertisers would not view WE tv and GSN as similar because the viewers of GSN falling into the female 18-49 and 25-54 demographics constitute a significantly lower percentage of GSN's viewers than they do of the U.S. population as a whole, whereas the viewers of WE tv falling into these demographics constitute a significantly higher percentage of WE tv's viewers than they do of the U.S. population as a whole.
- Mr. Brooks' and Dr. Singer's reliance on the significance of GSN's viewers skewing toward female viewers as a basis for concluding the networks are similar from an

advertiser's perspective is flawed. Many networks skew toward female viewers, but WE tv skews more toward female viewers than does GSN, and GSN is skewed toward a significantly older set of female viewers than is WE tv. An advertiser would consider these distinctions between the networks highly relevant.

- Mr. Brooks' heavy reliance on household and total audience ratings to illustrate the similarity of the networks to advertisers is flawed. These are not metrics advertisers generally use when determining on what programming networks or programs to place advertisements. Advertisers look primarily at demographic ratings, not household or total audience ratings, as well as median age and audience skew/concentration, in attempting to determine where to place advertisements to target particular demographics. If anything, the few demographic comparisons Mr. Brooks does make tend to suggest that WE tv outperforms GSN in the demographics that advertisers evaluate when determining where to place advertisements.
- Also flawed is Mr. Brooks' heavy reliance on GSN's advertising sales revenues by demographic to determine whether advertisers would find a demographic similarity between the networks. As this revenue information is neither published nor readily available to advertisers, it is not a metric used within the advertising industry. Moreover, to the extent Mr. Brooks' own analysis shows anything, it is that GSN skews toward significantly older viewers than does WE tv: as a percentage of total advertising sales revenue, GSN sold [REDACTED] the amount that WE tv did against the F18-54 demographic.
- Mr. Brooks' use of viewer overlap statistics to suggest that advertisers consider the networks similar is misguided. It does not include a comparison of the age of the

overlapping viewers, and so does not provide key information that advertisers would look for.

- Dr. Singer's comparison of common advertisers on GSN and WE tv is essentially meaningless because conglomerate companies with many products advertise those products on many different networks, but they target particular products to the particular programs or programming networks that they believe have viewers matching the intended buyer of the products. These companies spend far more on WE tv than on GSN: based on Dr. Singer's own exhibits, only [REDACTED] of GSN's largest spending advertisers are even on WE tv's list of top 40 advertisers ranked by spending. Moreover, as my own analysis of GSN's and WE tv's measured spending in 4th QTR, 2010 indicates, as a percentage of WE tv's total quarterly ad revenue for all of its top 40 advertisers, only [REDACTED] of that amount was spent on GSN by overlapping brands common to both networks.

In the remainder of my testimony, I discuss the bases for my conclusions. A list of the materials I relied on in preparing this written direct testimony is attached as Appendix A, and my curriculum vitae is at CV Exh. 201.¹

III. Background and Qualifications

3. I have over thirty years of experience in the advertising industry, much of which has been focused on television advertisement buying. I have represented and led advertising campaigns for many of the largest advertisers on network and cable television, committing billions of client dollars to all categories of television programming.

4. After graduating from college, I began my advertising career in January 1979 as a Senior Analyst in the Media Information & Analysis Division at Ted Bates & Co., Inc. (now

¹ All references to "CV Exh. __" are to exhibits on Cablevision's Exhibit List. These materials, and all other materials relied upon, are also listed at Appendix A to this testimony.

REDACTED – FOR PUBLIC INSPECTION

Bates Worldwide, Inc. a subsidiary of Cordiant Communications Group plc.), providing analyses of source materials to both media buyers and planners for such clients as Colgate-Palmolive, Coors Brewing, M&M/Mars, Prudential and Warner-Lambert.

5. In June 1980, I joined BBDO as a media planner and later became a National Broadcast buyer, ultimately rising to the title of Vice President, Associate Director. While at BBDO, I purchased network, syndication and cable inventory on behalf of such clients as American Cyanamid, Block Drug, Campbell Soup, General Electric, Menley & James (SK&F), Quaker Oats and Wrigley, functioning as both buyer and planner on HBO and Pepsi-Cola.

6. In 1989, I joined Busch Media Group, a wholly-owned subsidiary of Anheuser-Busch (now a subsidiary of Anheuser-Busch InBev), as Director, National Broadcast. In that role, I was heavily involved in placing advertising dollars on television programming networks for the company's malt beverage, salty snacks and theme park brands and subsidiaries. Anheuser-Busch was and continues to be one of the largest advertisers in television.

7. In November 1992, I left Anheuser-Busch to join Foote Cone & Belding (which later became True North in 1996) and was the head of TN Media's National Broadcast department until Interpublic Group purchased True North in 2001. In that capacity, I oversaw the negotiation and maintenance of well over \$1 billion in national television network spending for such clients as Coors Brewing, Frito-Lay, S.C. Johnson, Levi Strauss, Mattel, Mazda, Merck, Nabisco, Payless ShoeSource, Quaker Oats, Tropicana and Victoria's Secret. While at TN Media, in 1995, I crafted the comprehensive, enduring sponsorship agreement for the Tostitos Fiesta Bowl, the first-ever BCS National Championship.

8. Once the merger of Interpublic and True North was completed, in 2001, I launched the negotiations group at MAGNA Global, which coordinated media buying, including the

purchase of television network advertising, for all of Interpublic Group's media specialist firms, including Deutsch, Initiative Media and Universal McCann. At the time, my group at MAGNA Global was responsible for over 20% of all advertising dollars spent in media in the United States. In addition to providing strategic direction and oversight for the negotiations, I also introduced and guided the company's branded entertainment and product integration offerings while managing MAGNA's Audience Analysis and Industry Analysis capabilities, providing both proprietary analyses of programming and audience trends as well as industry insights and intelligence.

9. Since leaving MAGNA Global in August 2008, I have formed my own consulting practice, Blasius Media & Marketing, which advises clients in the advertising, entertainment, marketing, media and sports businesses. As an example, last year, I was an expert witness for the then New Jersey Nets with respect to advertising-related aspects of a sports rights fee arbitration with the YES Network.

10. I also currently serve on the Advisory Board of Automated Media Services' 3GTV, a video delivery system in retail environments that allows media agencies to plan and buy commercial time in-store just as they do on conventional television. And, I recently joined the Advisory Board of create.it, a crowd-sourcing website.

IV. How Advertisements Are Placed On Programming Networks

A. Parties to a Cable Television Advertising Purchase

11. As with any commercial transaction, on either side of a cable television advertising purchase is a buyer and a seller.

12. In the cable television industry, the sellers of television advertisements are either (a) cable operators, who generally sell advertising spots locally or regionally for airing on

particular cable systems, or (b) cable programming networks, who sell advertising spots for airing throughout their distribution subscriber base, which is usually national (*e.g.*, MTV, TLC) or regional (*e.g.*, a regional sports network).

13. Buyers of television advertisements on cable programming networks most frequently are advertising agencies. This is because most companies desiring to advertise their products do not themselves have expertise in the process of evaluating and placing advertisements on television. Companies therefore turn to advertising agencies, which have the requisite expertise and are well-versed and experienced in all aspects of the negotiating and purchasing process.

14. The majority of transactions involving the purchasing of advertisements on television (measured both by transactional and dollar volume) are nationwide sales by national cable programming networks to advertising agencies. Consequently, my comments below will mostly pertain to situations in which the seller is a national programming network (a “programming network”) selling advertising to advertising agencies.

B. Advertising Agencies’ Approach to Purchases

15. Recently, media companies have become increasingly concentrated, selling advertising on multiple programming networks. Correspondingly, advertising dollars have become increasingly concentrated at large advertising agencies, which often place advertising for multiple clients across multiple programming networks as part of one deal.

16. Even when an advertising agency approaches media companies to purchase advertisements on behalf of companies with multiple products, it virtually always approaches the media company with specific products in mind for which it wishes to purchase advertisements on a particular programming network of the media company. In other words, before the agency

approaches the media company and begins negotiations to purchase advertising space on the media company's programming networks, it pre-allocates which products would be a good fit for the particular programming networks. This is the only sensible approach. When a company owns more than one product, not all of its products may be a good fit for the same programming network, due to the company's different target demographics for different products.

17. Advertising agencies are constantly evaluating their past advertising purchases and researching new alternatives. To the extent that they can, advertising agencies attempt to organize programming networks into various groupings, to pre-allocate which programming networks to target for particular products, such that they can deliver the best individual demography for their brands, and to foster competition between programming networks in the marketplace for their advertisements in order to drive down advertising prices.

18. Organizing programming networks into groupings may be done in a variety of ways, but always with a view towards providing the advertising agency with sufficient flexibility and rationale to either include or exclude any given network from a transaction based on objective criteria such as those discussed below as well as subjective criteria including an advertising agency's prior relationships and experiences with the programming networks.

19. The objective criteria most important to advertising agencies in organizing and evaluating on which programming networks to place advertisements are (1) cost-per-thousand viewers ("CPM"²), (2) demographic ratings, (3) median age and (4) audience skew/concentration. Every advertising decision involves a balancing of consideration of these factors. I discuss each of these factors briefly below and then demonstrate why advertising agencies would not view WE tv and GSN as similar based on an application of these factors.

² The acronym "CPM" stands for "Cost per Mille."

C. Cost-Per-Thousand Viewers (“CPM”)

20. The measure of an advertisement’s cost-per-thousand viewers, typically referred to in the advertising industry as CPM, expresses the relationship between an advertisement’s price and the audience delivered by a specific advertisement. For example, an advertisement priced at \$1,000 that delivers 100,000 female 18-49 viewers would translate to a F18-49 CPM of \$10.00.

D. Demographic Ratings

21. Demographic ratings measure the aggregate amount of viewers in a particular demographic watching a programming network and/or programs within the programming network (with the focus now typically on commercial rather than program viewing), to allow an advertising agency to target the desired programming for a particular product as closely as possible. For example, in broadcast year 2009-10 there were an estimated 66,080,000 females 18-49 in the 114,900,000 U.S. TV households. A single national F18-49 ratings point represented one percent of the total number, or 660,800 F18-49, for the 2009–10 season.

22. Advertising agencies generally utilize Nielsen demographic ratings to prioritize the desirability of programming networks. The Nielsen demographic ratings most commonly used by advertising agencies to distinguish among programming networks are referred to as “C3,” which refers to the ratings of commercial minutes in programming as it plays live, plus three days of digital video recorder (DVR) playback. Because C3 measures viewing of commercials within a program, rather than just viewing of the program itself, from an advertising agency’s perspective, C3 represents the best metric available to determine which programming networks best match the demographic profile of a given product. Advertising agencies also may compare networks based on viewers per viewing household (“VPVH”), an alternative measure of the number of viewing persons per tuning household within finite age and sex demographics.

23. Advertising agencies attempt to target viewers within particular demographics that are most likely to purchase the product being advertised. With respect to most products, advertising agencies tend to target people ages 18-54. However, within this demographic, advertising agencies frequently differentiate based upon gender and/or age depending upon the product being advertised and the profile for that product. Examples of typical breakdowns within this demographic would include males ages 18-34 (“M18-34”), females ages 18-49 (“F18-49”), or people ages 25-54 (“P25-54”).

E. Median Age

24. In television, median age is the age that divides a network’s (viewing) population - or audience delivery -- into two numerically equal groups; that is, half the viewers are younger than this age and half are older. It is a single index that summarizes the age distribution of a network’s (viewing) population. Thus, for example, if a network had a median age of 50, there were an equal number of viewers under the age of 50 as there were over that age. The median age of a programming network’s actual audience is another factor used by advertising agencies to prioritize networks in terms of desirability from an advertising perspective. Clearly, the closer the median age of a programming network’s actual audience is to the sweet spot of the targeted demographic, the more desirable a programming network will be. Conversely, if the median age of a programming network’s actual audience is outside the boundaries of the advertising agency’s targeted demographic, then the advertising agency will be disinclined to advertise on that programming network.

F. Audience Skew/Concentration

25. Audience skew/concentration is another comparative metric used by advertising agencies in attempting to reach a target audience best matching the desired demographic profile

of the product to be advertised. This metric measures a particular demographic as a percentage of total viewers. For example, if a programming network has 100,000 total viewers and 20,000 of those viewers are within an advertiser's desired demographic of M18-34, the audience skew/concentration of M18-34 would be 20%.

26. By looking at audience skew/concentration, an advertising agency can determine whether a specific programming network's audience skew/concentration over- or under-indexes against a given target population segment.

27. One significant reason that the audience skew/concentration is an important metric to advertising agencies is because the cost of advertising on a programming network often takes into account ratings that are broader than an advertiser's desired demographic. For instance, advertising on a programming network with 100,000 total viewers and 20,000 male 18-34 viewers (a 20% M18-34 audience skew/concentration) generally would cost more on a unit cost basis than to advertise on a second programming network with 30,000 total viewers and 10,000 male 18-34 viewers (a 33% M18-34 audience skew/concentration). An advertiser only seeking to target M18-34 viewers might prefer to advertise on the second programming network, even though its absolute ratings for the M18-34 demographic are lower, because the money spent on that advertisement would reach a higher percentage of viewers within the targeted demographic and thus contain less waste.

28. Advertising agencies prefer networks with high audience skews/concentrations for the demographics that best match their products, to avoid wasting money on reaching other demographic segments for which the advertised product may have no impact or relevance.

V. GSN And WE tv Are Not Similar From An Advertising Perspective

29. Based on a review of the factors above, it is clear that GSN and WE tv are not similar to each other from an advertiser's perspective. I reach this conclusion even assuming that GSN and WE tv are similarly priced on a CPM basis. This is because, as discussed below, demographic ratings, median age, and audience skews/concentrations are all significantly different for GSN than they are for WE tv.

A. Comparison of Demographic Ratings

30. As illustrated by Table 1 below, WE tv's demographic Nielsen ratings are significantly different than those of GSN, particularly with respect to the 18-49 and 25-54 female demographics. For example, in broadcast year 2009-10, GSN's average rating for F18-49 was [REDACTED] during "Primetime"³ and [REDACTED] on a "Total Day" basis.⁴ By contrast, WE tv's average ratings for F18-49 were [REDACTED] and [REDACTED] for Primetime and Total Day, respectively. Thus, WE tv's demographic ratings for F18-49 exceeded those of GSN by almost a [REDACTED] margin during Prime Time and by approximately [REDACTED] percent on a Total Day basis with respect to the critical F18-49 demographic. From an advertising perspective, this is a significant difference. Moreover, when comparing the two networks on a VPVH basis, WE tv consistently delivers more than twice the concentration of F18-49 and F25-54 viewers, whether during Primetime or Total Day. Specifically, again during broadcast year 2009-10, GSN's average VPVH for F18-49 was [REDACTED] during "Primetime" and [REDACTED] on a "Total Day" basis. By contrast, WE tv's average VPVH's for F18-49 were [REDACTED] and [REDACTED] for

³"Primetime" refers to Monday through Sunday 6:00 p.m.-1:00 a.m.

⁴"Total Day" refers to Monday through Sunday 6:00 a.m. -6:00 a.m.

Primetime and Total Day, respectively. A similar story can be told for F25-54.⁵

Table 1

Demographic Ratings of GSN and WE tv for Broadcast Year 2009-10

BY 0910 demographic ratings -- GSN vs. WE

Network	Time Period	HH RTG	HH's (000)	(000)	W18-49		(000)	W25-54	
					VPVH	RTG		VPVH	RTG
GSN	M-Su 6P-1A	██████	████	██	██████	████	██	██████	████
WE	M-Su 6P-1A	████	████	██	██████	████	██	██████	████
	WE %+/- vs. GSN	██████			██████	██████		██████	██████
GSN	M-Su 6A-6A	████	████	██	██████	████	██	██████	████
WE	M-Su 6A-6A	████	████	██	██████	████	██	██████	████
	WE %+/- vs. GSN	██████			██████	██████		██████	██████

Source: The Nielsen Company, Npower data, C3, 09-10 Season (9/28/09-9/26/10) - CV-GSN 0428145; The Nielsen Company, Nielsen Universe Estimates – CV-GSN 0428365.

31. GSN's difficulty in delivering a high concentration of two of the more important demographics to advertisers is significant because in order to compete effectively on a cost-per-thousand basis with other networks better able to deliver those demographics, it must substantially discount the pricing of its inventory. As an example, if GSN and WE tv were priced comparably on a HH CPM basis (i.e. \$10.00) in Primetime, using the VPVH data in Table 1, that \$10.00 HH CPM would translate to dramatically different F18-49 CPM's of ██████ (\$10.00/██████) and ██████ (\$10.00/██████) for GSN and WE tv, respectively.

⁵ Here, GSN's average rating for F25-54 was ██████ during Primetime and ██████ during Total Day, while WE tv was {{.14}} and ██████, respectively. Similarly, GSN's average VPVH for F25-54 was ██████ for Primetime and ██████ for Total Day, while WE tv's VPVH was ██████ and ██████, respectively.

Because it simply cannot deliver younger women in equivalent measure to WE tv, in order to compete on F18-49, GSN would have to reduce its unit pricing by as much as 60% to match WE tv's F18-49 CPM. (Again, a similar story can be told for F25-54.) Whether the comparative metric is ratings or VPVH's, an advertiser seeking to reach F18-49 (or F25-54, for that matter) would find WE tv, but not GSN, an effective vehicle for doing so.

B. Comparison of Median Age

32. Table 2 below shows that on the basis of median age for female viewers of GSN vs. those of WE tv, overall, the median age of GSN's female viewers was substantially older on average than that of WE tv's female viewers in Broadcast Year 2009-2010.⁶ GSN has one of the oldest median ages for any Nielsen-measured cable network. Only Hallmark's movie channel and RFD-TV have older median ages.⁷

- In Primetime, GSN's median age for female viewers was [REDACTED], whereas WE tv's median age for female viewers was [REDACTED].
- On a Total Day basis, GSN's median age for female viewers was again [REDACTED], whereas WE tv's median age for female viewers was an even younger [REDACTED].

An advertiser targeting F18-49, for example, would find this distinction in median age to be a significant difference, given that the median age of GSN is [REDACTED] years older than the upper bound of the target 18-49 demographic whereas WE tv's median age is comfortably within the overall F18-49 demographic. Similarly, an advertiser targeting F25-54 would find this distinction in median age to be a significant difference, given that the median age of GSN is [REDACTED] years older than the upper bound of the target 25-54 demographic whereas WE tv's median age is very comfortably within the overall F25-54 demographic.

⁶ I rely on BY09-10 data because it is the last full season of data prior to the GSN tier change.

⁷ Nielsen Npower, 4th QTR, 2010 (9/20/10 - 12/26/10) (CV-GSN 0428164).

Table 2

Median Age of Viewers of GSN and WE tv for Broadcast Year 2009-10

BY 0910 median age -- GSN vs. WE

Network	Time Period	Demographic ⁸		
		P2+	F2+	M2+
GSN	M-Su 6P-1A	■	■	■
WE	M-Su 6P-1A	■	■	■
GSN	M-Su 6A-6A	■	■	■
WE	M-Su 6A-6A	■	■	■

Source: The Nielsen Company, Npower data, C3, 09-10 Season (9/28/09-9/26/10)
(CV-GSN 0428145)

C. Comparison of Audience Skew/Concentration

33. Advertisers seek to commercialize networks (and specific programming) which best deliver a viewer profile that matches the desired target audience of an advertised product or service. One way to differentiate between networks displaying broadly similar audience characteristics is to compare the distribution of their viewers by more specific age groups against the distribution of those age groups in total TV HH's. Thus, for example, if a network delivered 42% of its audience against F35-64, an age group which, in turn, represents 21% of persons (P2+) in TV HH's, that network would be said to over-deliver substantially against the F35-64 demographic (*i.e.*, by a factor of two-to-one or an index of 200). The audience skews/concentrations of WE tv and GSN in the F18-49 demographic are significantly different. As Table 3 below illustrates, the F18-49 demographic constitutes a significantly lower percentage of GSN's viewers than it does of the U.S. population as a whole. By contrast, the

⁸ The demographic "P2+" refers to people two years of age or older in U.S. television households. "F2+" refers to females two years of age or older in U.S. television households. "M2+" refers to males two years of age or older in U.S. television households.

F18-49 demographic constitutes a significantly higher percentage of WE tv’s viewers than it does of the U.S. population as a whole.

Table 3

Audience Composition & Population Skew of GSN and WE tv for Broadcast Year 2009-10

BY 0910 audience composition and population skew -- GSN vs. WE

		Demographic		
		P2+ (000)	W18-49 (000)	W25-54 (000)
Persons in U.S. TV HH's				
	% P2+			
GSN	M-Su 6P-1A			
	% P2+			
	Index vs. Population			
WE	M-Su 6P-1A			
	% P2+			
	Index vs. Population			
GSN	M-Su 6A-6A			
	% P2+			
	Index vs. Population			
WE	M-Su 6A-6A			
	% P2+			
	Index vs. Population			

**Source: The Nielsen Company, Npower data, C3, 09-10 Season (9/28/09-9/26/10)
CV-GSN 0428145**

34. As shown in Table 3, in broadcast year 2009-10, F18-49 and F25-54 constituted and percent, respectively, of the almost 300 million people two years of age or older (“Persons 2+”) in U.S. television households.

35. During that same time frame, however, F18-49 and F25-54 comprised only and percent, respectively, of GSN’s Primetime audience and only

and [REDACTED] percent, respectively, of GSN's Total Day audience. Thus, in Primetime and on a Total Day basis, GSN substantially under-indexed compared to the skew of the population for this demographic.

36. By contrast, F18-49 and F25-54 were [REDACTED] and [REDACTED] percent, respectively, of WE tv's Primetime audience and [REDACTED] percent for both demographics of WE tv's Total Day audience. Thus, WE tv substantially over-indexed as compared to the skew of the population and had a dramatically different audience concentration than GSN.

37. While broadly speaking, both GSN and WE tv skew towards women (F18+), in fact, more than half of over seventy Nielsen-measured cable networks skew towards women. As the following chart illustrates, however, GSN and WE tv display dramatically different skews when broken down into more finite age breaks. Whereas GSN ranked high only in older demographics (in particular, F65+), WE tv ranked high (and GSN quite low) in F18-54 and more finite subsets of the F18-54 demographic (*i.e.*, F18-49, F35-49, F25-54, etc.).⁹

⁹ See CV-GSN 0428148 (Audience Skew Rankings W18+); CV-GSN 0428160 (Audience Skew Ratings W18-24); CV-GSN 0428161 (Audience Skew Rankings W18-34); CV-GSN 0428163 (Audience Skew Rankings W18-49); CV-GSN 0428153 (Audience Skew Rankings W25-54); CV-GSN 0428157 (Audience Skew Rankings W35-49); CV-GSN 0428159 (Audience Skew Rankings W35-64); CV-GSN 0428158 (Audience Skew Rankings W50+); CV-GSN 0428154 (Audience Skew Rankings W55+); CV-GSN 0428155 (Audience Skew Rankings W65+).

Table 4

Audience Skew Indices Selected Women's Demos GSN vs. WEtv

Demo	GSN	WEtv
W18+		
index		
rank		
W18-24		
index		
rank		
W18-34		
index		
rank		
W18-49		
index		
rank		
W25-54		
index		
rank		
W35-49		
index		
rank		
W35-64		
index		
rank		
W50+		
index		
rank		
W55+		
index		
rank		
W65+		
index		
rank		

Source: Nielsen Media Research, National Average Commercial Minute MIT, 09/21/2009-09/19/2010. CV-GSN 0428143

38. In summary, demographic ratings, a median age comparison, and audience skew/concentration statistics all indicate that WE tv and GSN are not remotely similar from an advertiser's perspective. As the various exhibits above should underscore, in my opinion

advertisers would likely view the competitive set for WE tv to include networks such as Lifetime, Style, TLC or Oxygen and not to include GSN.

VI. The Conclusions of Mr. Brooks and Dr. Singer Regarding Similarity of GSN and WE tv From An Advertiser's Perspective Are Flawed

39. I have carefully reviewed GSN's Complaint and accompanying exhibits, and in particular the most recent declaration of Mr. Timothy Brooks and the expert report of Dr. Hal J. Singer.¹⁰ As my area of expertise is predominantly in matters relating to the buying of national television advertising and the associated metrics used for such purchases, I will confine my comments primarily to those areas of the various filings.

A. Review of Mr. Brooks' Declaration.

40. In summary, Mr. Brooks opines that Nielsen ratings for GSN and WE tv would be viewed similarly by advertisers. Mr. Brooks' findings and conclusions are flawed because:

(a) He tends to examine household and total audience ratings to reach conclusions about whether or not an advertiser would find GSN and WE tv similar, but advertisers do not use those broad metrics to make that evaluation. Advertisers primarily use finite demographic ratings, median age and audience skew/concentration, not household and total audience ratings (nor, for that matter, broad gender demographics), in selecting the programs or programming networks on which to place advertisements for particular products.

(b) He bases his conclusions that an advertiser would find GSN and WE tv to be similar in part on the fact that GSN's viewers skew adult female, but overlooks the evidence that WE

¹⁰ Declaration of Timothy Brooks, Game Show Network, LLC v. Cablevision Systems Corporation, MB Docket No. 12-122 (Nov. 19, 2012) ("Brooks Decl."); Expert Report of Hal J. Singer, Ph.D., Game Show Network, LLC v. Cablevision Systems Corporation, MB Docket No. 12-122 (Nov. 19, 2012) ("Singer Decl.").

tv's viewers skew significantly younger female than GSN, and that GSN is significantly skewed toward a much older set of viewers than WE tv.

(c) He also bases his conclusion in part on a comparison of the two programming networks' advertising sales revenues by demographic, but advertising sales revenue by demographic is not a metric used within the advertising industry and can be inherently misleading. In any event, his own numbers reflect that GSN skews significantly older and thus confirm the differences between the networks.

(d) He wrongly downplays the significance to advertisers of WE tv having [REDACTED] higher ratings within the critical F18-49 and F25-54 demographics.

(e) He relies on viewer overlap data that is irrelevant from an advertising agency's perspective because it does not include a comparison of the age of the overlapping viewers.

(1) Use of Household Ratings

41. In Mr. Brooks' "comparison of GSN and WE tv audiences," he compares the ratings of GSN and WE tv on a household ("HH") and total persons (P2+) basis to imply a ratings advantage for GSN vs. WE tv when, in fact, on a demographic basis, it is quite the opposite story.¹¹ Advertising agencies use neither HH's nor P2+ in evaluating networks on which to place advertisements for their products. This is because advertising agencies do not target viewers indiscriminately but rather target the desired market for a particular product as closely as possible. Consequently, advertising agencies look to metrics such as finite demographic ratings, median age, and audience skew/concentration, which assist in such targeting, and not to the total audience summaries discussed by Mr. Brooks.

¹¹ Brooks Decl., pp. 7-8, ¶¶ 20-21.

42. Comparing GSN to WE tv on the metric of households or total viewers would be no more useful as a comparative measure than would be comparing the total ratings of a programming network for children (such as Nickelodeon) to a programming network for adults (such as USA). It is possible that these two programming networks could have similar total audience ratings. However, from the perspective of an advertiser seeking to advertise a particular product, these two programming networks are entirely different. Products that would be appropriate to advertise on one programming network (*e.g.*, products for children on Nickelodeon) might not be appropriate to advertise on the other programming network. Thus, these two programming networks would not be similar from an advertiser's perspective even if their total audience ratings were similar.

43. When Mr. Brooks does pay lip service to more finite age and sex demographics, he is quick to dismiss the real differences in relative ratings between GSN and WE tv with the suggestion that [REDACTED]

[REDACTED] Mr. Brooks' comment is all the more curious given that five paragraphs earlier, he was just as quick to underscore similar differences in ratings for HH's and P2+ as being indicative of GSN's ratings superiority.¹³

44. Inadvertently, Mr. Brooks makes one of my key points for me: while GSN may, in fact, have [REDACTED] higher HH ratings than WE tv, because of GSN's low concentration of F18-54 in viewing households, those relative HH ratings translate to [REDACTED] higher ratings for WE tv in key female demos (F18-49, F25-54). It's unclear why Mr. Brooks includes performance figures for P18-49 and P25-54 in his ratings comparison and subsequent ad sales revenue figures,

¹³ Brooks Decl., pp. 7-8.

other than perhaps to force a commonality between the two networks that doesn't otherwise exist in an advertiser's mind. If, as Mr. Brooks suggests, "GSN orients its programming toward women, overwhelmingly attracts women..., and sells advertising to clients that wish to reach women", discussion of GSN's delivery against "adults" or "persons" (both of which would have to include a significant male component, particularly on GSN) is simply irrelevant.¹⁴

(2) Skew Towards Adults and Women

45. Mr. Brooks suggests that GSN is similar to WE tv because [REDACTED]
[REDACTED] However, with few exceptions (such as Nickelodeon), most cable programming networks are, in fact, adult-oriented and again, more than half of Nielsen-measured networks skew toward women.

46. In fact, by contrast with GSN, WE tv over-indexes vs. the F18-49 and F25-54 demographics, skewing more towards women in general than does GSN, as demonstrated by Table 3 above. Therefore, a conclusion about similarity cannot be based on this factor.

47. Mr. Brooks suggests that "it is well understood in the business that there are female-targeted networks, male-targeted networks, and general audience networks."¹⁶ However, it should be equally well understood that there are younger-skewing networks and older-skewing networks. What Mr. Brooks neglects to mention, but which would be conclusive from an advertiser's point of view, is that GSN and WE tv are quite dissimilar in terms of their age skew within the female demographic. While on an average day between [REDACTED] and [REDACTED] of WE tv's audience is F18-54, less than [REDACTED] of GSN's audience is F18-54, as shown in Table

¹⁴ Brooks Decl., pp. 8-9, ¶ 22.

[REDACTED]
¹⁶ Brooks Decl., p. 8, ¶ 22.

3 above. Consequently, an advertiser targeting F18-54 would view WE tv and GSN as very different from an advertising perspective.

48. In addition, while the median age of female WE tv viewers is [REDACTED] years old during Primetime and [REDACTED] years old on a Total Day basis, the median age of female GSN viewers is [REDACTED] years old for both time periods, which is a very significant difference.

(3) Advertising Sales Revenue by Demographic

49. Mr. Brooks admits that the age profile of a network's audience is an important means of comparison (stating that "advertisers look at demographic information, such as age, on the basis of standard Nielsen demographic categories") but instead of comparing the median age or audience skew/concentration of GSN and WE tv, which would both show that GSN skews very significantly older and less female than WE tv, he simply lists GSN's self-reported advertising sales revenue broken down by demographic.¹⁷

50. Even analyzing Mr. Brooks' own revenue comparison, GSN's self-reported figures illustrate the older audience skew of GSN. GSN's figures indicate that [REDACTED] percent of its advertising sales revenue comes from advertisers targeting the F25-54 demographic, whereas only [REDACTED] percent of its advertising sales revenue comes from advertising targeting the F18-49 demographic. Thus, even Mr. Brooks' own questionable analysis underscores the older skew of GSN. As a point of comparison, I obtained similar sales by demographic data from WE tv. Not surprisingly, WE tv sold more than [REDACTED] of its inventory against F18-49 [REDACTED] and F25-54 [REDACTED] as compared to a combined total of [REDACTED] for those two demographics for GSN.¹⁸

¹⁷ Brooks Decl., p. 9, ¶ 23.

¹⁸ WE tv internal estimates, CY 2010. CV-GSN 0428150

(4) Demographics Ratings Comparison

51. Mr. Brooks states that GSN and WE tv have [REDACTED]

[REDACTED] However, as discussed above, Mr. Brooks' own numbers clearly demonstrate that WE tv's demographic ratings are not at all similar, but rather are significantly different from GSN's ratings. In fact, in the demographics of F18-49 and F25-54 that GSN claims to target, WE tv's ratings are a full [REDACTED] percent higher than GSN's ratings based on the numbers presented by Mr. Brooks. Moreover, according to the Nielsen data reflected in Table 1 above, for F18-49, WE tv's ratings are almost [REDACTED] percent higher than GSN's ratings during the Primetime hours and are [REDACTED] percent higher than GSN's ratings on a Total Day basis.

52. Mr. Brooks suggests that, in his view, the differences are so small that he considers the two programming networks [REDACTED] [REDACTED] However, the [REDACTED] percent distinction evidenced by his data certainly would not be meaningless to advertising agencies. To the contrary, it would be a critical distinction.

(5) Viewer Overlap Data

53. Mr. Brooks states that GSN and WE tv [REDACTED] on the basis of his review of Nielsen data indicating that [REDACTED] % of viewers that watched either GSN or WE tv watched both.²¹ However, this viewer overlap statistic is irrelevant from an advertiser's perspective because it does not include a comparison of the age of the overlapping viewers.

[REDACTED]
[REDACTED]

²¹ Brooks Decl., p. 10, ¶ 27.

54. Without such a comparison, it is impossible to draw any conclusions about the similarity of the networks. It may be the case, for example, that this overlap occurs outside the ages 18-49 or 25-54 demographics that are important to advertisers, in which case there would be no real overlap for these purposes. Without knowing whether or not this is the case, a viewer overlap statistic has no meaning at all from an advertiser's perspective.

55. Moreover, as discussed above, of the two networks, in Primetime, WE tv has more than twice the reach of GSN against F25-54. From a reach standpoint, GSN and WE tv are hardly interchangeable. Given its relatively low reach, advertisers would gain very little by adding GSN to a WE tv schedule targeting F25-54, while those same advertisers would have everything to gain by adding WE tv to a GSN schedule targeting F25-54.

B. Review of Dr. Singer's Expert Report

56. In much the same fashion as had Mr. Brooks, Dr. Singer concludes that GSN and WE tv "likely compete for advertisers" because their "target audience(s)" are similar, primarily on the basis that "[REDACTED] of GSN's viewers are female."²² Dr. Singer later suggests that "advertisers perceive that they are reaching a similar demographic on both networks" because of a purported "significant overlap at the brand level."²³ I conclude that Dr. Singer's findings and conclusions as they pertain to advertising are also flawed because:

(a) Dr. Singer heavily relies on the significance of GSN's viewers skewing female, but as discussed above, more than half of all networks skew toward female viewers. To casually suggest that a network targets one audience or another is one thing; to actually have the performance data to support such an assertion is an entirely different matter. That WE tv skews

²² Singer Decl., p. 21, ¶ 40.

²³ Singer Decl., p. 25, ¶ 47.

significantly younger female than does GSN, and GSN is skewed toward a much older set of female viewers than WE tv, are critical distinctions to advertisers that Dr. Singer all but ignores.

(b) Dr. Singer's comparison of common advertisers on GSN and WE tv is all but meaningless because companies that produce more than one product frequently advertise different products on many different networks. Specifically, as a percentage of WE tv's total ad revenue for all of its top 40 advertisers in 4th QTR, 2010, only [REDACTED] of that amount was spent on GSN by overlapping brands common to both networks.²⁴

(1) Skew Towards Women

57. Dr. Singer references much the same data as did Mr. Brooks with regard to GSN's and WE tv's audience being similarly skewed against females and sharing viewership. However, as explained above, the analyses are far too superficial. In lieu of focusing on the more accurate measures of whether the two networks could be described as demographically similar, Dr. Singer instead offers an academic and somewhat convoluted "distance analysis" to draw parallels and force commonalities between the two networks.²⁵ Whether or not these theoretical parallels exist in academic theory, an advertising agency would never use the analysis that Dr. Singer relies upon. Indeed, the analysis seems designed specifically to obscure the data revealing that the demographics of WE tv and GSN are dissimilar in those aspects most relevant to advertisers.

(2) Commonality of Advertisers

58. Dr. Singer states that GSN and WE tv "appear to target the same advertisers" and provides a chart purporting to illustrate the spending overlap between WE tv's top forty

²⁴ Nielsen AdViews. 4th QTR, 2010.

²⁵ Singer Decl., p. 22, ¶ 43.

advertisers and [REDACTED] of GSN's advertisers.²⁶ However, this analysis is far too superficial. In particular, because advertising agencies approach programming networks with particular products of a company in mind, an analysis of advertising on two programming networks focusing on which companies advertise on both networks must do much more than merely list those companies which advertise at least one product on both networks.

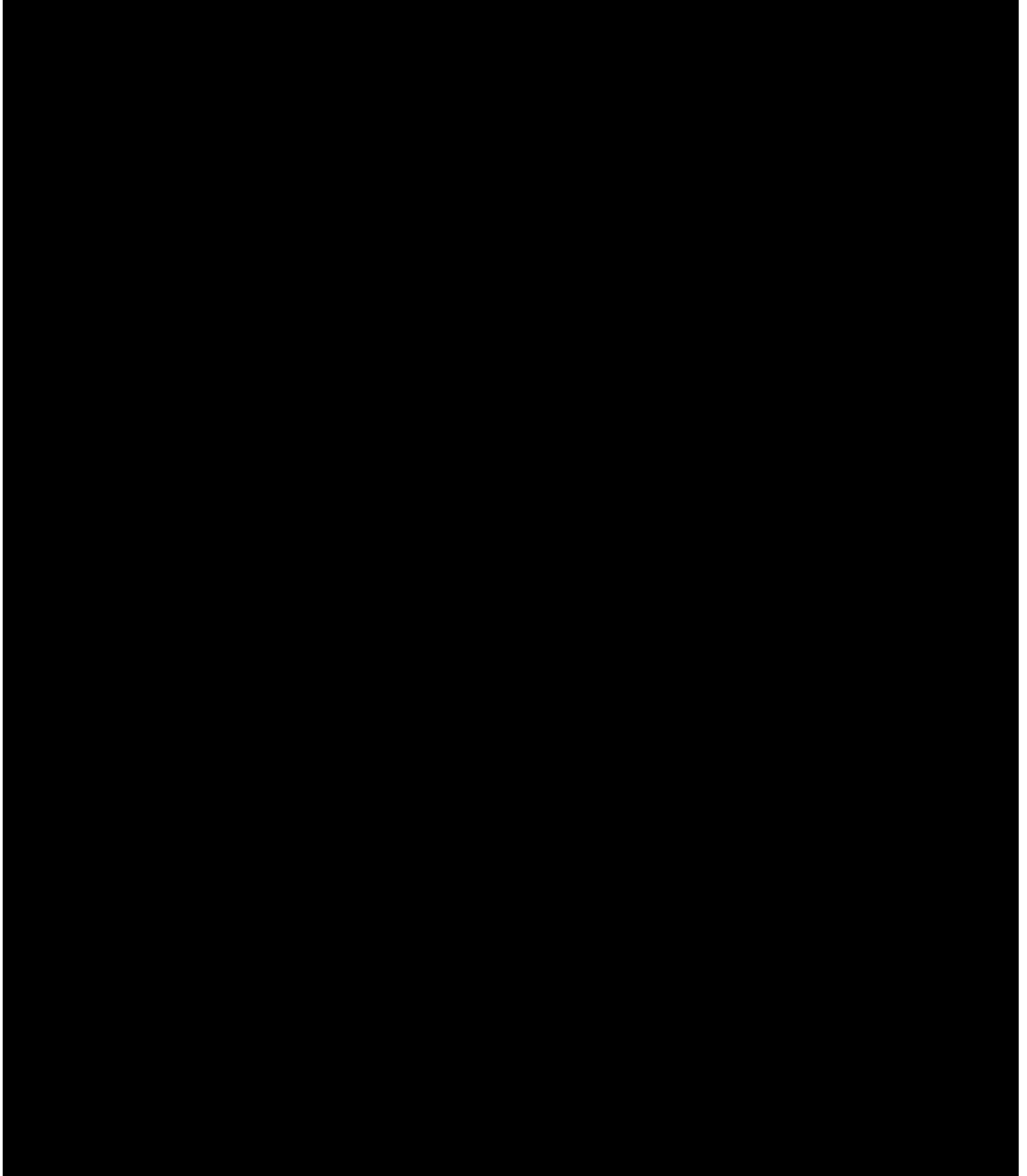
59. Interestingly, Dr. Singer neglects to provide comparative side-by-side spending data for the [REDACTED] advertisers he claims GSN has in common with WE tv's top forty. However, as Table 5 below demonstrates, when the top forty advertisers on both networks and their corresponding spending are matched up side-by-side (without even including a product-by-product analysis), an entirely different picture begins to appear than the one Dr. Singer tries to paint with his exhibit. Specifically, [REDACTED]

[REDACTED]

[REDACTED]

²⁶ Singer Decl., p. 23, ¶ 46.

Table 5



60. As this chart demonstrates, WE tv's top forty advertisers are a balanced blend of automotive, cosmetics, financial services, package goods, pharmaceutical, snack foods and other companies. If the two networks truly competed with one another for the same advertisers and on the same demographic bases, one would expect a much higher correlation between the two networks in terms of top advertisers and sales results for common clients. [REDACTED]

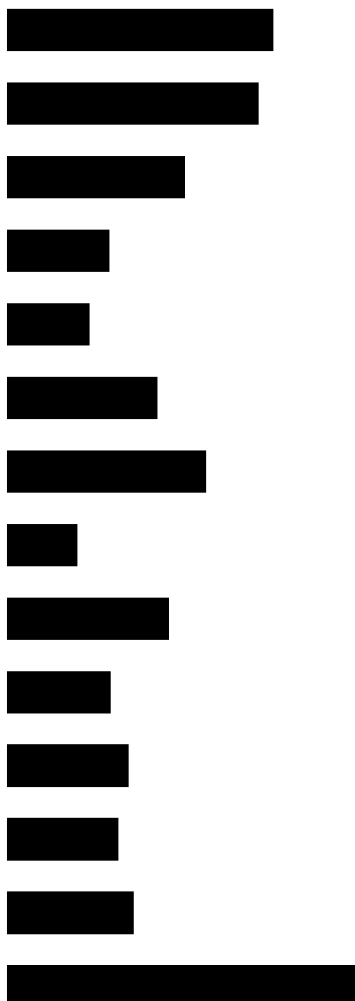
[REDACTED] This chart does not at all reflect that advertisers view the two networks as similar ways to reach the same demographics, even without including a product-by-product analysis.

61. Having had first-hand experience with purchase decisions for six of the top fifteen advertisers listed on the chart, I can attest to the fact that large advertisers such as [REDACTED] often buy forty or fifty networks deep both because of the sheer dollar volume of advertising they represent as well as the large number of individual brands (with multiple and often diverse demographics) for which they advertise during the course of a year.

62. That said, in order to disprove Dr. Singer's theory "that there is... significant overlap among the *advertising brands* that advertise on GSN and WE tv",²⁷ I analyzed the actual overlap in brand allocations and spending for parent companies common to both GSN's and WE tv's top 40 advertiser lists during 4th QTR, 2010 (based on Nielsen's AdViews). Interestingly, during this particular quarter, only [REDACTED] of GSN's top 40 advertisers [REDACTED] overlapped with WE tv's top 40, [REDACTED] fewer than Dr. Singer's analysis. Specifically, the

²⁷ Singer Decl., p. 25, ¶ 47.

██████████ overlapping advertisers (in descending order of spending on WE tv) were as follows:



63. Significantly, on average, the ██████████ advertisers spent almost ██████████ less corporately on GSN than on WE tv. Moreover, the top two overlapping advertisers ██████████ ██████████ spent just a fraction ██████████ of what they spent on WE tv on GSN. Clearly, two of the largest and most sophisticated advertisers in the business, both of whom primarily target F18-54, viewed GSN and WE tv in dramatically different ways.

64. At the brand level, even more stark contrasts in advertiser behavior emerged. In the case of ██████████, overlapping brand spending on GSN was ██████████ less than it was on WE tv,

while the top 10 [REDACTED] brands alone spent [REDACTED] less on GSN than on WE tv. In the case of [REDACTED], of the [REDACTED] brands that were advertised on WE tv during 4th QTR, 2010, only [REDACTED] were also advertised on GSN; corresponding brand spending on GSN was [REDACTED] less than on WE tv. Even in the case of [REDACTED], which corporately spent slightly more [REDACTED] on GSN than on WE tv, the [REDACTED] overlapping brands spent [REDACTED] less on GSN than on WE tv. On average, the [REDACTED] overlapping clients spent [REDACTED] less on overlapping brands on GSN than on WE tv. Moreover, as a percentage of WE tv's total quarterly ad revenue for all of its top 40 advertisers, only [REDACTED] of that amount was spent on GSN by overlapping brands common to both networks.


65. Again, if the two networks were truly competitive with one another for the same advertisers and on the same demographic bases, one would expect a much higher correlation between the two networks in terms of top advertisers, brand allocations and sales results for common clients. Based on this analysis, there appears to be little correlation between the two.

VII. Conclusion

66. In conclusion, GSN and WE tv are not similar from an advertising perspective. The programming networks' demographic ratings, median age, and audience skew/concentration differ significantly, and those are the factors that are most important to advertisers when evaluating programming networks. The findings and conclusions of Mr. Brooks and Dr. Singer rely on metrics that advertisers in the real world do not care about and appear to reflect an inaccurate conception of how advertising agencies evaluate and select programming networks.

REDACTED – FOR PUBLIC INSPECTION

I declare under penalty of perjury that the statements of fact in the foregoing are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to be 'L. Blasius', written over a horizontal line.

Lawrence Blasius

Dated: March 11, 2013
New York, New York

APPENDIX A

Appendix A:
List of Materials Relied on in the Expert Testimony of Lawrence Blasius

WE tv and Wedding Central Revenue by Demo 2007-2011.xlsx (CV-GSN 0428150)

- Source: Internal Estimates provided by WE tv.

WE TV GSN SEASON OVER SEASON C3.xls (CV-GSN 0428145)

- Source: The Nielsen Company, Npower data, 09-10 Season (9/28/09-09/26/10) vs. 10-11 Season (09/27/10-09/25/11). Sales Prime M-Su 6p-1a & Total Day M-Su 6a-6a.

2010 Universe Estimates (Final).xls (CV-GSN 0428365)

- Source: The Nielsen Company

AM GSN.XLSX; GSN ADD DEMOS.XLSX (CV-GSN 0428143)

- Source: Nielsen Media Research National Average Commercial Minute MIT, 09/21/2009-09/19/2010

4QTR10_Median_Age.xls Source: The Nielsen Company, Npower data, Live +SD, 4th QTR, 2010 (9/21/10- 12/26/10)

Nielsen AdViews, 4th QTR, 2010.

CV-GSN 0428148 (Audience Skew Rankings W18+)

CV-GSN 0428160 (Audience Skew Ratings W18-24)

CV-GSN 0428161 (Audience Skew Rankings W18-34)

CV-GSN 0428163 (Audience Skew Rankings W18-49)

CV-GSN 0428153 (Audience Skew Rankings W25-54)

CV-GSN 0428157 (Audience Skew Rankings W35-49)

CV-GSN 0428159 (Audience Skew Rankings W35-64)

CV-GSN 0428158 (Audience Skew Rankings W50+)

CV-GSN 0428154 (Audience Skew Rankings W55+)

CV-GSN 0428155 (Audience Skew Rankings W65+)